

R590. Insurance, Administration. (Effective 9-30-01)

R590-207. Health Agent Commissions for Small Employer Groups.

R590-207-1. Authority.

This rule is issued and based upon the authority granted the commissioner under Sections 31A-2-201(3)(a) and 31A-30-104(6).

R590-207-2. Purpose.

The purpose of this rule is to establish guidelines relating to commission structure for [s] small group health insurance agent in the small employer group market that affect access to health insurance coverage for small employer groups.

R590-207-3. Applicability.

This rule applies to all licensed insurers doing health insurance business under Title 31A, Chapter 30, the Individual and Small Employer Health Insurance Act.

R590-207-4. Definitions.

The definitions in Sections 31A-1-301 and 31A-30-103 apply to this rule.

R590-207-5. Commission Schedule Policy.

A health insurance carrier shall not structure agent commission rates that, directly or indirectly, create a restriction, hindrance, or barrier to access to coverage for the smallest group identified in the commission schedule.

The commission for the smallest size group in the commission schedule may not be designed to avoid, directly or indirectly, the requirements of guarantee issue or renewal in the marketing of health insurance to small business owners.

TABLE

ACCEPTABLE EXAMPLES:

A commission structure that is in compliance would be: an employer group size 2-5 would receive a 10% commission, an employer group size 6-25 would receive a 9% commission, and an employer group size 26-50 would receive a 7% commission. Another example of an acceptable commission schedule would be: for employer group size 2-5 the commission would be \$20/Per Member Per Month(PMPM), for employer group size 6-25 the commission would be \$18/PMPM, and for employer group size 26-50 the commission would be \$16/PMPM.

<i>Case Size in Lives</i>	<i>Rate Up</i>	<i>Comm. Rate</i>
2-24	< 22	12%
2-24	22% to <44%	8%
2-24	44% to <65%	8%
2-24	65% to 85%	7%
25-50		8%

UNACCEPTABLE EXAMPLE:

<i>Case Size in Lives</i>	<i>First Year</i>	<i>Renewa.</i>
Up to 3	3%	3%
4-14	8%	8%

15-29	7%	7%
30-50	6%	6%
<i>Case Size in Lives</i>	<i>Rate Up</i>	<i>Comm. Rat.</i>
2-24	< 22%	12%
2-24	22% to <44%	10%
2-24	44% to <65%	8%
2-24	65% to 85%	6%
25-50		8%

R590-207-6. Penalties.

Any carrier with a commission structure that is not in compliance with this rule after the effective date of this rule will be considered in violation of this rule and will be subject to the penalties provided for in Section 31A-2-308.

R590-207-7. Compliance Date.

This rule is in effect on the date stated in the Notice of Effective Date form relating to this rule that the department files with the Division of Administrative Rules (the "effective date"). The effective date will follow a period of 30 days during which interested parties will have time to prepare to be in compliance with this rule. It will also be the date on which the department will begin enforcing this rule. The Notice of Effective Date is published in the Utah State Bulletin, a publication of the Division of Administrative Rules. The Utah State Bulletin is found at the website, <http://www.rules.state.ut.us>. In addition, the effective date may be found at the department's website, <http://www.insurance.utah.gov> by clicking on INDUSTRY RESOURCES and then RULES and scrolling down to the appropriate reference to the rule.

R590-207-8. Severability.

If any provision or clause of this rule or its application to any person or circumstance is for any reason held to be invalid, the remainder of the rule and the application of these provisions shall not be affected.

KEY: insurance law
2001

31A-2-201

31A-2-202

[\[Back to Top\]](#)